(c) Does not arise.

Waiving off additional comfort and security from IPP

3275. SHRI C. RAMACHANDRAIAH: Will the Minister of POWER be pleased to state:

(a) whether Chief Minister of Andhra Pradesh has very recently urged Union Power Minister to have conditions of additional comfort and security being insisted upon by financial institutions from independent producers waived as reported in 'The Hindu' (Delhi Edition) dated the 8th April, 2001;

(b) if so, details thereof and reasons for waiving the conditions;

(c) whether a meeting of financial institutions have since been held to consider the matter and making necessary changes in Memoranda of Understanding/Agreement; and

(d) if so, the details of decision taken by financial institutions in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (d) With a view to identify an acceptable payment security mechanism for Independent Power Producers (IPPs), in the eighth meeting of the Crisis Resolution Group (CRF) held on March 30, 2000 under the chairmanship of Minister of Power, various alternatives to escrow were discussed. In this meeting, it was decided that financing of IPPs should be linked with the progress of reforms undertaken by the State Government. To facilitate private power projects to achieve financial closure, the Ministry of Power has proposed a reform based security mechanism as an alternative to escrow to provide financial comfort to the lenders and IPP promoters. The Financial Institutions have agreed to undertake financing of IPPs on the basis of a legally binding agreement to be made by State Governments to provide escrow before commercial Operation Date instead of the present practice of escrow at the time of financial closure. In pursuance of this decision, a draft Memorandum of Agreement (MoA) was prepared. After several rounds of discussions between the Government of Andhra Pradesh/APTRANSCO and the Indian Financial Institutions/Banks, the MoA, which ensures financing of 6 private power projects in Andhra Pradesh with a total capacity of 2239 MW, has been initialed by the Government of Andhra Pradesh/APTRANSCO, Power Finance Corporation and the Financial Institutions led by Industrial Development Bank of India on August, 10,2001. Under the proposed MoA, APTRANSCO would be able to open escrow account 30 days before Commercial Operation Date instead of the present

requirement of escrow before financial closure. During the interim period, the APTRANSCO would provide a charge on its receivables to the Financial Institutions.

Special powers regarding hydro power projects to U.P.

†3276. SHRI MANOHAR KANT DHYANI: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that special powers have been granted to U.P. on certain Hydro Power Projects under Uttar Pradesh Reorganisation Act; and

(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) According to Section 63 of the Uttar Pradesh Reorganisation Act, 2000, the Uttar Pradesh Power Corporation Limited (UPPCL), Uttar Pradeesh Jal Vidyut Nigam Limited (UPJVNL), and the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) shall, on and from the appointed day, continue to function in those areas in respect of which they were functioning immediately before that day, subject to the provisions of Section 63 and to such directions as may, from time to time, be issued by the Central Government.

The power corporation shall cease to function on such date as the Central Government may, by order, appoint and upon such dissolution, its assets, rights and liabilities shall be apportioned between the successor States of Uttar Pradesh and Uttaranchal in such manner as may be agreed upon between them within one year of the dissolution of the power corporation or if no agreement is reached, in such manner as the Central Government may, by order determine. According to provisions of the Uttar Pradesh Reorganisation Act, 2000, if the successor States constitute power corporation before such dissolution; the provision may be made by order of the Central Government enabling then new power corporation to take over from the existing power corporation all or any of its undertkings, assets, rights and liabilities in that State.

State of Uttaranchal has already constituted Power Corporation and have held discussion with Uttar Pradesh at different levels for taking over assets and liabilities. As no agreement was reached, State of Uttaranchal has referred the matter to the Central Government.

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†Original notice of the question was received in Hindi.